

**DILLON & NASH, LTD.**

Attorneys at Law

David C. Dillon  
Mary Ellen Nash

December 11, 2002

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
Case Control Unit, Suite 713  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

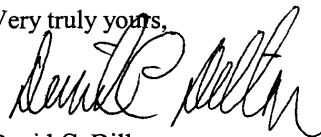
Re: Finance Docket Number 34289, *Chicago, Peoria & Western Railroad Company*,  
at Bedford Park and Summit, Illinois

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Verified Notice of Exemption Under 49  
C.F.R. § 1150.31, for filing with the Board in the above referenced matter.

Also enclosed is a check for \$1,300 for the filing fee.

Very truly yours,



David C. Dillon  
*Attorney for Chicago, Peoria & Western  
Railroad Corporation*

DCD:kv

Enclosures

**FEE RECEIVED**  
DEC 12 2002  
SURFACE  
TRANSPORTATION BOARD

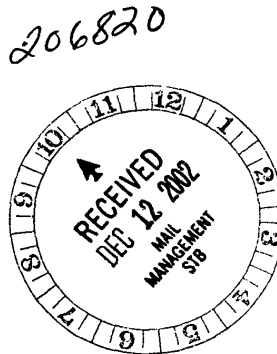
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SURFACE  
TRANSPORTATION BOARD

ENTERED  
Office of Proceedings

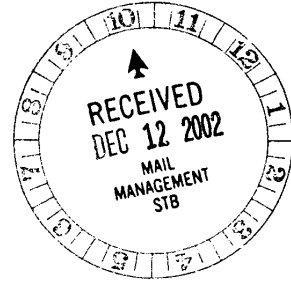
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Public Record

III West Washington  
Chicago, Illinois 60602  
Telephone (312) 782-9025  
Fax (312) 236-0472



BEFORE THE  
SURFACE TRANSPORTATION BOARD



Chicago, Peoria & Western Railway Company )  
)

Finance Docket Number: 34289

VERIFIED NOTICES OF EXEMPTION  
UNDER 49 C.F.R. § 1150.31

ENTERED  
Office of Proceedings

DEC 12 2002

Part of  
Public Record

By: David C. Dillon  
Dillon & Nash, Ltd.  
111 West Washington Street  
Suite 719  
Chicago, Illinois 60602  
(312) 782-9025

Chicago, Peoria & Western Railway Company  
5 Westbrook Corporate Center  
Westchester, Illinois 60154

*Attorney for Applicant  
in Finance Docket No. 34289*

*Applicant in Finance Docket No. 34289*

DATE FILED: December 11, 2002

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DEC 12 2002

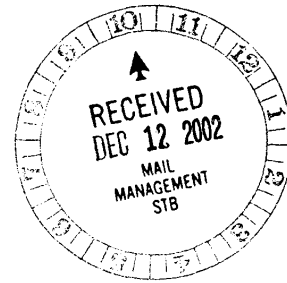
SURFACE  
TRANSPORTATION BOARD

**FILED**

DEC 12 2002

SURFACE  
TRANSPORTATION BOARD

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**



Chicago, Peoria & Western Railway Company )  
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Finance Docket Number: 34289

**VERIFIED NOTICE OF EXEMPTION  
UNDER 49 C.F.R. § 1150.31**

Pursuant to 49 C.F.R. § 1150.31, *et. seq.* and 49 U.S.C. § 10502(a), Chicago, Peoria & Western Railway Company (CPW), a noncarrier, hereby provides verified notice of exemption from 49 U.S.C. § 10901 for CPW's acquisition by operating agreement from Corn Products International, Inc. (CPI), and operation pursuant to operating agreement with CPI of approximately 17 miles of railroad right-of-way and trackage and transloading and warehousing facilities owned by CPI, in Argo Facility and Bedford Park and Summit, Illinois ("Argo Facility trackage"). The Argo Facility trackage is more specifically described and depicted in Appendix 1-A (description) and Appendix 1-B (map) attached to this notice.

**THE ARGO FACILITY TRackage IS A LINE OF RAILROAD THAT QUALIFIES FOR THE CLASS EXEMPTION FROM 49 U.S.C. § 10901, RATHER THAN TRACK EXCEPTED FROM BOARD ACQUISITION AND OPERATION AUTHORITY UNDER § 10906**

CPI owns the Argo Facility trackage. The trackage is used in conjunction with interchanging to and from three (3) railroads, carloads of commodities for inbound delivery to various CPI Argo Facility facilities, and also for the classification and placement of various types of freight cars for

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loading and then for outbound classification and delivery to the three (3) railroads which connect with the railroad yard located on the site. CPI currently performs this on-site classification and switching with its own locomotives and crews. In some cases, the grain-related commodities are transferred directly from rail cars to specialized bulk unloading facilities located on site, but sometimes the commodities are stored in an on-site warehouse operated by CPI. Similarly, outbound shipments are placed into bulk freight cars by specialized loading facilities. These cars are then interchanged with the three railroads serving this plant. An additional movement involves the receipt of unit trains of coal for use in the steam plant located on site. These cars are switched to the coal unloading facility using CPI's own locomotives and crews. The rail yard and tracks located on site are used to interchange inbound and outbound cars, both loaded and empty, with: Canadian National/Illinois Central Railroad, Indiana Harbor Belt Railroad, and The Belt Railway Company of Chicago. In addition, rail to truck transloading takes place on this site.

The Argo Facility trackage connects at its west end with Canadian National/Illinois Central Railroad (CN/IC), and at its Northeast end with Indiana Harbor Belt Railroad (IHB), and at its Southeast end with The Belt Railway Company of Chicago (BRC). Currently, all three of these railroads operate over the CPI Argo Facility trackage to provide rail service to and from this site, along with the on-site rail operations, conducted by locomotives and crews of CPI. CPI, itself or through its subsidiary Crystal Car Line, owns or leases over 200 freight cars, consisting of covered hoppers, and open top hoppers, used in unit coal train movements to provide coal to the on-site steam generating plant.

It is proposed that CPI enter into an operating agreement with its 104 year old subsidiary, CPW, which would become the entity responsible for providing CPI all necessary rail service over

the Argo Facility trackage. The Argo Facility trackage would constitute the entire line of railroad of CPW. At the present time, CPW owns some 3,000 feet of the onsite trackage, which trackage provides the connection used by The Belt Railway Company of Chicago to access the seventeen (17) miles of onsite trackage currently owned and operated by CPI.

In those circumstances, the Argo Facility trackage is properly considered to be a line of railroad under 49 U.S.C. § 10901 pursuant to the Board's tenant-use test, rather than spur, switching or side tracks excepted from Board authority over their acquisition and operation by virtue of 49 U.S.C. § 10906. The tenant-use test is described in the Board's decision denying reconsideration in *Effingham Railroad Company - Petition for Declaratory Order - Construction at Effingham, IL*, STB Docket No. 41986 and embraced proceedings, 1998 STB LEXIS 253, decision served September 18, 1998; *aff'd sub nom. United Transp. Union v. Surface Transportation Board.*, 183 F.3d 606 (7<sup>th</sup> Cir. 1999).

In that case, as here pertinent, Agracel Corporation transloaded beer from rail to truck at a warehouse that it operated in an industrial park at Effingham, IL. Agracel owned approximately 206 feet of right-of-way and track that extended between its warehouse and trackage owned and operated by Conrail. Previously, Conrail had operated over the Agracel trackage to provide service to Agracel. It was proposed that Effingham Railroad Company (ERRC), a noncarrier, substitute for Conrail as provider of the rail service over the Agracel trackage. ERRC filed a notice of exemption under 49 C.F.R. § 1150.31 for its operation over that trackage. The United Transportation Union (UTU) contended that the Board lacked authority over the proposed operation because Agracel trackage is spur, switching or side track excepted from Board operation authority under 49 U.S.C. § 10906.

In finding that the Agracel trackage was a line of railroad under 49 U.S.C. § 10901, the Board said (1998 STB LEXIS 253, at 8-9 (emphasis in original)):

...(I)n those cases where a tenant railroad's intended use of a track segment is different from the use made by the railroad owning the track, we have determined that the tenant's use, rather than the character of the trackage itself, is controlling with regard to its own operations, subject to consideration of the purpose and effect of the construction under *Texas & Pacific* (citations omitted).

In the initial notice, even under its new approach, ERRC became the operator of a line of track connecting Conrail to the site of the industrial park. Conrail clearly had operated this short track segment as an exempt siding or spur. However, because it was ERRC's initial railroad operation, this track segment became ERRC's entire line of railroad and was not, as to ERRC, a siding or spur. This small piece of trackage initiated ERRC's service from a connection or interchange point with Conrail to a shipper's facility within the industrial park. Thus ERRC's becoming the operator was the proper subject of the initial notice of exemption and was not statutorily exempt under section 10906.

It is apparent from the Board's decision in that case that the tenant-use test also applies when a new rail carrier is using trackage pursuant to an operating agreement rather than a lease, and when the prior use of the track was by a third-party carrier rather than by the shipper-owner of the trackage. In upholding the Board's decision in that case, the reviewing court held that it was reasonable for the Board to classify the trackage by virtue of the tenant's use. *United Transp. Union vs. Surface Transportation Bd.*, *supra*. 193 F.3d at 614. *Accord: Chicago Rail Link LLC - Lease & Oper. - Union Pacific R.R. Co.*, 2 S.T.B. 534 (1997), *aff'd sub nom. United Transp. Union - Illinois v. Surface Transp.*, 169 F.3d 474 (7<sup>th</sup> Cir. 1999).

Inasmuch as the subject transaction will be CPW's initial railroad acquisition, and the Argo Facility trackage will constitute the entire line of railroad of CPW, it follows that the Argo Facility trackage is a line of railroad under 49 U.S.C. § 10901, rather than spur, switching or side tracks excepted from Board acquisition and operation authority by virtue of 49 U.S.C. § 10906.

**INFORMATION REQUIRED BY 49 C.F.R. § 1150.33**

- (a) *The full name and address of the applicant;*

The full name and address of the applicant in Finance Docket Number 34289 is Chicago, Peoria & Western Railway Company, 5 Westbrook Corporate Center, Westchester, Illinois, 60154.

- (b) *The name, address, and telephone number of the representative of the applicant who should receive correspondence;*

CPW's representative is David C. Dillon, Dillon & Nash, Ltd., 111 West Washington Street, Suite 719, Chicago, Illinois, 60602, 312-782-9025.

- (c) *A statement that an agreement has been reached or details when an agreement will be reached;*

An agreement between Corn Products International, Inc. and CPW for operation of the Argo Facility trackage will be reached within thirty (30) days, and an agreement in principle has been reached.

- (d) *The operator of the property;*

CPW will be the operator of the property.

- (e) *A brief summary of the proposed transaction, including:*

- (1) *The name and address of the railroad transferring the subject property,*

The above entity in Finance Docket Number 34289 is Corn Products International, Inc., a non-railroad corporation, 5 Westbrook Corporate Center, Westchester, Illinois, 60154.

- (2) *The proposed time schedule for consummation of the transaction,*

The operating agreement and operation are proposed to be consummated on January 1, 2003, provided that this notice of exemption has been filed at least seven days prior to that date.

(3) *The mile-posts of the subject property, including any branch lines, and*

The Argo Facility trackage is not described by milepost numbers. That trackage is described and depicted in Appendix 1-A and 1-B attached to this Notice.

(4) *The total route miles being acquired;*

A total of 17 miles of trackage is to be operated under an operating agreement.

(f) *A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and States:*

The required map is attached to this Notice as Appendix 1-B.

(g) *A certificate that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier.*

The required certificate is attached to this Notice as Appendix 2.

#### **CAPTION SUMMARY**

A caption summary required by 49 C.F.R. § 1150.34 for Finance Docket Number 34289 is attached to this Notice as Appendix 3.

#### **ENVIRONMENTAL AND HISTORIC REPORT**

The proposed acquisition and operation do not require environmental and historic reporting. See 49 C.F.R. § 1105.6(c)(2)(i) and 49 C.F.R. § 1105.8(b)(1).

#### **LABOR PROTECTION**

Pursuant to 49 U.S.C. § 10901(c), labor protection requirements do not apply to this transaction.

#### **VERIFICATION**

The verification is attached to this Notice as Appendix 4.



**CONCLUSION AND REQUESTED RELIEF**

WHEREFORE, within 30 days of the filing of this Notice, the Director of the Board's Office of Proceedings should publish notices in the Federal Register of the filing of notices of exemption in Finance Docket No. 34289. See 49 C.F.R. § 1150.32(b).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David C. Dillon, Attorney".

By: David C. Dillon  
Dillon & Nash, Ltd.  
111 West Washington Street  
Suite 719  
Chicago, Illinois 60602  
(312) 782-9025

Chicago, Peoria & Western Railway Company  
5 Westbrook Corporate Center  
Westchester, Illinois 60154

*Attorney for Applicant  
in Finance Docket No. 34289*

*Applicant in Finance Docket No. 34289*

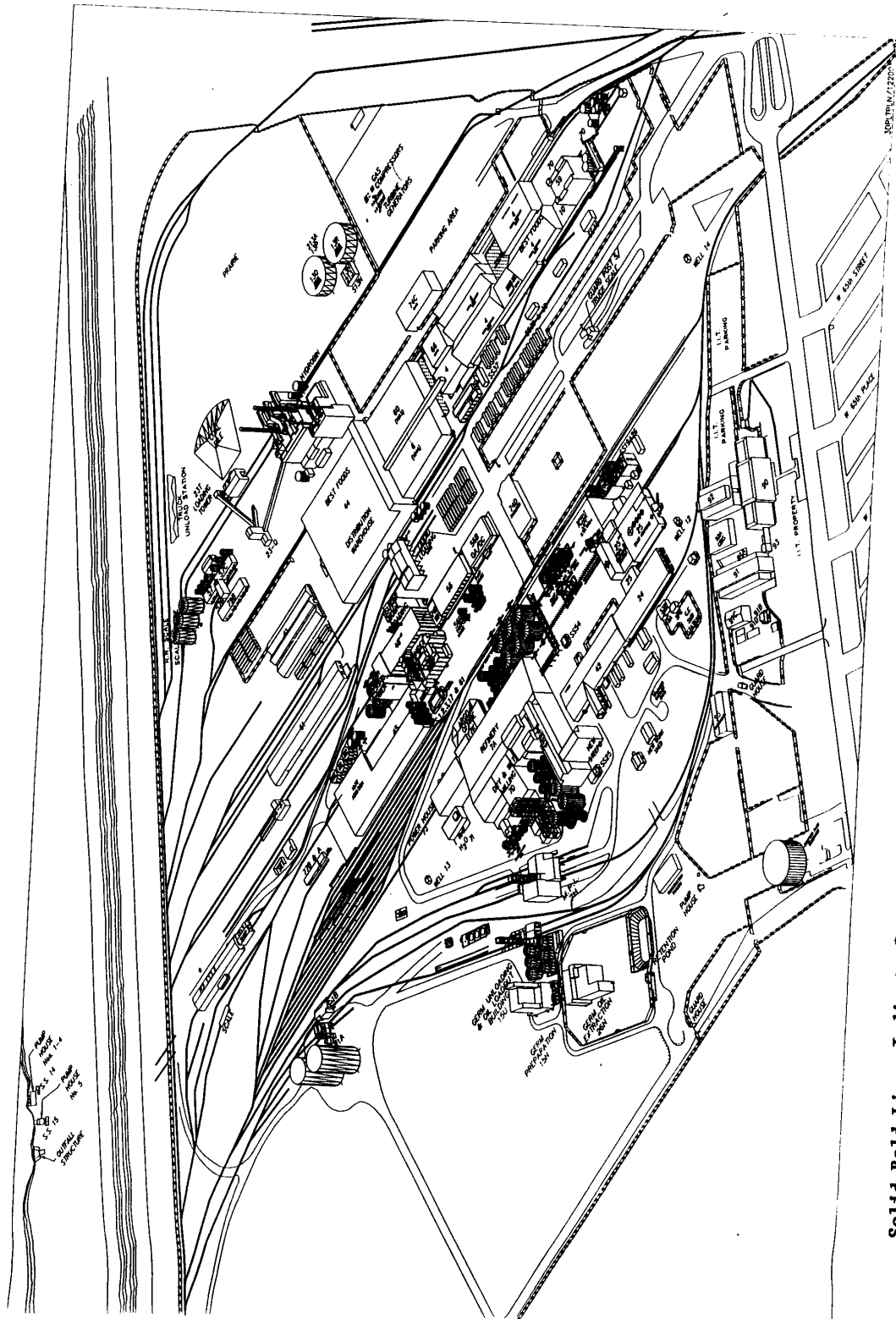
DATE FILED: December 11, 2002

Finance Docket Number: 34289

Appendix 1-A

LENGTH OF TRACK OF ARGO FACILITY TRACK

Total Track: 89,760 feet = 17 miles



Solid Bold Lines Indicate Argo Facility Trackage

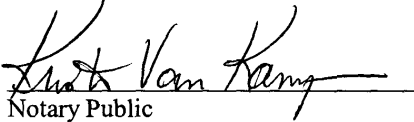
**CERTIFICATION UNDER 49 C.F.R. § 1150.33(g)**

Chicago, Peoria & Western Railway Company hereby certifies under 49 C.F.R. § 1150.33(g),  
that the projected revenues from the acquisition and operation proposed in this matter do not exceed  
those that would qualify it as a Class III rail carrier.



David C. Dillon  
*Authorized Representative of*  
Chicago, Peoria & Western Railway Company

SUBSCRIBED AND SWORN TO before  
me this 11th day of December, 2002.

  
Notary Public

**CAPTION SUMMARY**

**SURFACE TRANSPORTATION BOARD**

**Notice of Exemption**

**FINANCE DOCKET NO. 34289**

**CHICAGO, PEORIA & WESTERN RAILWAY COMPANY  
- ACQUISITION EXEMPTION -  
RAIL LINE OF CORN PRODUCTS INTERNATIONAL, INC.  
AT Argo Facility, ILLINOIS**

Chicago, Peoria & Western Railway Company (CPW), a noncarrier, has filed a Notice of Exemption to acquire and operate from Corn Products International, Inc. approximately 17 miles of right-of-way and trackage at Corn Products International, Inc.'s Argo Facility, Illinois facility. Comments must be filed with the Board and be served on CPW's representative, David C. Dillon, Dillon & Nash, Ltd., 111 W. Washington Street, Suite 719, Chicago, IL, 60602, (312) 782-9025.

This Notice is filed under 49 C.F.R. § 1150.31. If the Notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

By the Board


(Seal)

Vernon A. Williams, Secretary

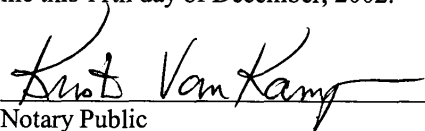
VERIFICATION

STATE OF ILLINOIS     )  
                                  )  
COUNTY OF COOK     )

David C. Dillon, being duly sworn, states that he is an attorney for Chicago, Peoria & Western Railway Company; that he is familiar with the factual allegations made in the foregoing Notice of Exemption on behalf of CPW; and that such allegations are true as stated.

  
\_\_\_\_\_  
David C. Dillon, Attorney for  
Chicago, Peoria & Western Railway Company

SUBSCRIBED AND SWORN to before  
me this 11th day of December, 2002.

  
\_\_\_\_\_  
Notary Public



**DRAFT**

**THIS AGREEMENT CONTAINS AN AUTOMATIC RENEWAL PROVISION**

**OPERATING AGREEMENT**

THIS AGREEMENT, made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 200 \_\_,  
between CORN PRODUCTS INTERNATIONAL, INC. (CPI); and CHICAGO, PEORIA &  
WESTERN RAILROAD (CPW).

**WITNESSETH:**

WHEREAS, CPW wishes to acquire from CPI, and CPI wishes to grant to CPW the right  
to operate the approximately 17 miles of right-of-way and trackage and the railcar loading and  
unloading facility located at the CPI facility, Bedford Park, Illinois, more particularly described in  
Appendix 1-A and depicted on Appendix 1-B attached hereto ("the Argo Facility trackage"); and

WHEREAS, CPW desires to operate and maintain the Argo Facility trackage and the  
associated loading and unloading facilities for the provision of rail service; and

WHEREAS, CPI is agreeable to such operation and maintenance upon the terms and  
conditions herein contained.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein the  
parties hereto agree as follows:

**ARTICLE ONE**

**GRANT OF RIGHT TO OPERATE AND  
MAINTAIN THE ARGO FACILITY TRackage**

Subject to the terms and conditions herein provided, CPI hereby grants to CPW the right to  
operate its trains, locomotives, cars, and equipment with its own crews over the Argo Facility  
trackage for the purpose of providing rail service to CPI facilities located on such lines, and to  
maintain the Argo Facility trackage.

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## **ARTICLE TWO**

### **TERM**

The term of this agreement shall be one year from the date of this agreement shown above; provided, however, that this agreement will be renewed automatically for additional one year periods unless, no later than 60 days before its expiration, either CPI or CPW provides written notice of its intent not to renew this agreement.

CPI may terminate this Agreement upon ten (10) calendar days written notice if by any reason most of the circulating shares in CPW with right to a vote are no longer property of CPI, or its parent or affiliated companies, or if any shares in CPW are owned, directly or indirectly, by a competitor of CPI.

## **ARTICLE THREE**

### **SCOPE OF OPERATIONS AND MAINTENANCE AND COMPENSATION THEREFORE**

The scope of operations and maintenance and the agreed compensation therefore are contained in Appendix 2 attached hereto. The parties may amend Appendix 2 from time to time by executing an amended scope of operations and maintenance and compensation.

## **ARTICLE FOUR**

### **GOVERNMENT APPROVAL, ETC.**

CPW at its own expense shall obtain any and all governmental approvals, authorizations, permits, licenses, and exemptions that may be required for its operation and maintenance of the Argo Facility trackage.



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## **ARTICLE FIVE**

### **INSURANCE**

CPW shall be required to obtain and keep in force a commercial general liability insurance policy covering CPW's operation and maintenance of the Argo Facility trackage, including public liability, personal injury, property damage, and contractual liability with per occurrence and aggregate limits of not less than \$2 million. CPI shall be named as additional insured in such policy. Upon reasonable request, CPW shall make such policy available for inspection and review by CPI.

## **ARTICLE SIX**

### **MANAGEMENT AND OPERATIONS**

CPW shall comply with the provisions of the Federal Safety Appliance Act, as amended, and all other federal, state, and local laws, regulations and rules respecting (i) the operations and maintenance of the Argo Facility trackage, (ii) the operation, condition, inspection and safety of locomotives, cars, and equipment while such trains, locomotives, cars, and equipment are being operated over the Argo Facility trackage. CPW shall indemnify, protect, defend, and save harmless CPI and its officers, agents and employees from and against all fines, penalties and liabilities imposed upon CPW or its officers, agents and employees under such laws, rules and regulations by any public authority or court having jurisdiction in the premises, when attributable in any manner to the failure of CPW to comply with its obligations under this article.

## **ARTICLE SEVEN**

### **LIABILITY AND INDEMNITY**

Whenever any loss of, damage to, or destruction of any property whatsoever, or injury or death of any person or persons whomsoever, occurs with the trains, locomotives cars, or equipment of, or in the account of CPW, CPW shall assume all liability therefore, and shall forever protect,

defend, indemnify and save harmless CPI and its officers, agents and employees from and against any such liability, cost and expense, except if such loss, damage, injury or death was caused by CPI.

## **ARTICLE EIGHT**

### **ENVIRONMENTAL CONDITIONS**

CPI shall indemnify CPW for any and all Losses resulting from environmental conditions existing on the Bedford Parks trackage as of the commencement of operations by CPW. CPW shall indemnify CPI for any and all Losses resulting from environmental conditions occurring or arising on the Argo Facility trackage during the term of this Agreement except to the extent caused by the act or omission of CPI.

## **ARTICLE NINE**

### **THIRD PARTY CLAIMS RELATING TO OWNERSHIP OPERATION**

CPW shall not cause any lien, claim, or encumbrance to be placed against the Argo Facility trackage. If any such lien, claim or encumbrance shall be filed or placed against the Argo Facility trackage or any part thereof, CPW agrees to discharge the same within 30 days after CPW has notice thereof. If CPW fails to do so, CPI shall have the right (but not the obligation) to pay or discharge any such liens, claims or encumbrances without inquiry as to their validity and any amount so paid, including interest, fees, charges, and expenses, shall be paid by CPW to CPI, as applicable.

## **ARTICLE TEN**

### **FINANCIAL STATEMENTS**

If CPI shall so request, CPW shall be required on a quarterly basis to provide statements reflecting its financial condition, such as a balance sheet and profit-loss statement.

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## **ARTICLE ELEVEN**

### **CONFIDENTIALITY**

CPW will keep secret and confidential at all times and will not disclose, divulge, or communicate any confidential or proprietary information provided by CPI hereunder, in any manner, directly or indirectly, to any third party, except as permitted by this Agreement, and except where that information:

- (a) is or later becomes publicly known under circumstances involving no breach of this Agreement by CPW;
- (b) was already known to CPW at the time it was received from CPI, not under a obligation of confidentiality, as evidenced by written documents in the possession of CPW; or
- (c) is made available to CPW by a third party without secrecy obligations and without breach of an obligation to CPI.

CPW may disclose confidential information only to those of its directors, officers, and employees who legitimately require it for the purposes permitted by this Agreement, and will use its best efforts to prevent any unauthorized disclosure by them.

Notwithstanding the termination of this Agreement, the obligations of CPW under this Section 11 shall continue in force for ten (10) years after termination.

## **ARTICLE TWELVE**

### **AMENDMENTS**

This Agreement represents the entire understanding between the parties and supersedes and replaces any and all prior agreements between the parties relating to the subject matter hereof. This

Agreement may not be amended except by a written instrument signed on behalf of each party by its authorized representatives.

### **ARTICLE THIRTEEN**

#### **ASSIGNMENT**

Neither party may assign this Agreement without the prior written consent of the other, except that CPI may assign this Agreement to any entity which succeeds, by sale, merger, acquisition, transfer, or otherwise, to all or substantially all of its assets or business at its Argo facility.

### **ARTICLE FOURTEEN**

#### **MISCELLANEOUS**

Section 14.01 Any notices, requests, or other communications hereunder shall be in writing and shall be deemed to have been duly given when made upon a party by personal service at any place where they may be found or by mailing such notices, requests, or communications by certified mail, postage prepaid and return receipt requested, or by nationally recognized courier, or by transmitting such notice by facsimile, in each case to the following addresses or facsimile numbers, as the case may be:

- (a) If to CPI: Corn Products International, Inc.  
5 Westbrook Corporate Center  
Westchester, Illinois 60154  
Attention: Law Department
  
- (b) If to CPW: CHICAGO, PEORIA & WESTERN RAILWAY COMPANY  
5 Westbrook Corporate Center  
Westchester, Illinois 60154  
Attention: \_\_\_\_\_

Either party may provide changes in the above addresses to the other party by a notice given to the other party in this Section 14.01.

Section 14.02 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois.

Section 14.03. Severability. If any provision in this Agreement shall for any reason be determined to be invalid or unenforceable, the balance of such provision and the remaining provisions of this Agreement shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable provision had not been a part hereof.

Section 14.04 Titles. The title of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto on the day and year first above written.

CORN PRODUCTS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Authorized Representative

CHICAGO, PEORIA & WESTERN RAILWAY COMPANY

By: \_\_\_\_\_  
Authorized Representative